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Message Text

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40
ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 TRSE-00 L-03 CIAE-00 INR-11

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R 151408Z AUG 74
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC 1504

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EO 11652: N/A
TAGS: EFIN, PN
SUBJ: SECRETARY'S INITIATIVE ON DOUBLE TAXATION TREATIES WITH LATIN AMERICA

REF: STATE 162751

1. WHEN QUERIED ABOUT CURRENT PANAMANIAN ATTITUDE, FINANCE MINISTRY'S DIRECTOR GENERAL FOR TAXATION INDICATED THAT GOP HAS GIVEN NO HIGH-LEVEL CONSIDERATION TO QUESTION OF INCOME TAX TREATY AND EXPRESSED DOUBT THAT PANAMA WOULD HAVE MUCH TO GAIN FROM SUCH AN ACCORD, CITING FACT THAT PANAMA DOES NOT CLAIM RIGHT TO TAX INCOME OF ITS CITIZENS DERIVED FROM OUTSIDE PANAMA. HE INDICATED THAT GOP WOULD OF COURSE CAREFULLY CONSIDER ANY SPECIFIC PROPOSAL US MIGHT CARE TO MAKE AND VOLUNTEERED THAT PROVISIONS FOR TAX SPARING, WHICH HE SAID HE UNDERSTOOD US WOULD NOT ACCEPT, MIGHT MAKE SUCH A TREATY MORE ATTRACTIVE TO PANAMA. HE ADDED THAT HIS OFFICE HAS LONG BEEN CONCERNED WITH QUESTION OF TAX LIABILITY OF PRIVATE CONCERNS OPERATING IN CANAL ZONE, SUCH AS CANAL ZONE BUS COMPANY, A PROBLEM WHICH HE HOPED COULD BE SOLVED IN CONTEXT OF CURRENT CANAL TREATY NEGOTIATIONS.

2. COMMENT: IN VIEW OF DIFFERENCES IN PHILOSOPHY OF TAX JURISDICTION, PANAMA'S INTEREST IN TAXING PRIVATE CONCERNS
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OPERATING IN CANAL ZONE, AND ITS LONG-STANDING ROLE AS TAX

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HAVEN FOR FOREIGN COMPANIES, CHANCES FOR NEGOTIATING
ACCEPTABLE TAX TREATY SEEM LIMITED.
JORDEN

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Message Attributes

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